

## MESSAGE FROM THE GOVERNOR

The Speaker laid before the House and had read the following message from the Governor:

May 26, 1941.

To the House of Representatives of the Forty-seventh Legislature:

I am returning House Bill No. 349 without my approval.

In my opinion this bill establishes too broad an opportunity for creating debt. Our Constitution specifically prohibits the State of Texas from going into debt more than \$200,000 at any one time, yet this bill sets up a system of financing whereby six great State Institutions and their branches can do some trick and fancy financing which might run into millions of dollars. I am convinced that the taxpayers of this State of Texas do not want these broad powers for borrowing money extended to a large group of State Institutions. Under the terms of this bill all of these various institutions could start on a building and improvement program which might run into several million dollars.

I am aware of the fact that the technical provisions of the bill state that only certain income or revenue is pledged as collateral for the bonds that may be issued and sold, and that in no manner shall the State Institution issuing the bonds be held liable for payment of the principle or interest, nor shall the State of Texas ever be held liable for the payment of principle or interest, but every honest-thinking citizen of Texas knows there is a moral State obligation involved when money is borrowed by any division of our State Government, and such money is spent in building a building on State property. If the revenue anticipated should fail to be received, and the payment on the bonds should default, this great State of Texas would not expect to retain those buildings on their soil and have them used for State purposes without paying the bonds and interest. It would simply be dishonest in my opinion for the State to not

redeem such bonds and the people of Texas are too fair and honest to ever permit that thing to happen.

I have talked to many bankers and financiers about this kind of financing, and practically every one of them has admitted to me that the moral obligation of the State of Texas is back of these bonds, and that the bonds could not possibly be sold to a sane investor unless he had confidence in the moral integrity of the State in addition to the confidence he has in the revenue that may or may not come in as anticipated.

In my opinion this kind of financing is extremely dangerous when extended to one specific State Institution for specified buildings and improvements, but I believe such financing would be tolerated by the people of this State in individual cases where the specific plans of one individual institution is laid before the Members of the Legislature and acted upon individually.

I was forced, for these very same reasons, to veto House Bill No. 371 some days ago, which opened up this sort of dangerous financing to another large group of public institutions and I think, for the protection of the taxpayers of this State no blanket authorization of financing of this kind should be enacted by this Legislature.

Respectfully submitted,

W. LEE O'DANIEL,  
Governor of Texas.